Annual Report 1987

Saskatchewan
PORK
Saskatchewan Pork Producers Marketing Board

Annual Report of the Saskatchewan Pork Producers Marketing Board For the Year 1987

Directors

Garth Larson, Semans	Chairman
Richard Wright, Wawota	Vice Chairman
Glenn Hepworth, Assiniboia	Vice Chairman
Donald Kolla, Cudworth	
Ken Jamieson, Battleford	
Scott Gattey, Outlook	
Roger Thibault, St. Benedict	

Administration

Jim Morris	General Manager
Don Hrapchak	Sales Manager
Ron Belke	Assembly and Transportation Manager
Larry Walker	Office Manager/Accountant
Sharon Perkins	Promotions Manager
Marilyn Jonas	Resource Co-ordinator
Jack McClung	Information Officer/ Editor Saskatchewan Pork News

Head Office:
502 Forty-Fifth Street West
Saskatoon, Saskatchewan
S7L 6H2

	1987	1986
Total Hogs Sold (Saskatchewan Origin)	816,337	740,704
Hogs Settled by Small Plants and Sow Auctions	22,842	18,888
Total Saskatchewan Production	839,179	759,592
Active Producers	5,014	4,109
Gross Paid to Producers	$113,216,248.20	$105,605,108,86
Weekly Delivery Highlights		
High - week ending December 18	21,717	
Pool price that week	$132.40	
Low - Week ending April 17	13,692	
Pool price that week	$156.00	
Average weekly deliveries		
Grading Highlights		
Average Index (excluding 67's)	102.6	103.4
% hogs grading 101 and over	70.2	75.9
Average hog weight, dressed (kg)	80.4	79.6
Price Highlights		
Average hog price ($/ckg, dressed, index 100)	$167.82	$174.31
Average gross value per hog	$138.35	$142.55
High - pool price week ending July 24	$204.20	
Low - pool price week ending December 31	$126.80	
Average sow price ($/ckg, dressed, #1 Heavy)	$113.34	$116.45
Boar Sales		
Number sold	3,155	2,684
Total value	$541,230.82	$423,297.89
Average price($/ckg, live)	$72.47	$64.82

*Note: Prices expressed in Dollars per 100 kilograms; weights expressed in kilograms.

The price outlook was considered pessimistic by many but cheap feed costs and strong prices combined to make 1987 one of the best years in history. Saskatchewan prices peaked in July with a near record weekly pool price of $204.20 per hundred kilograms. A continuation of profitability from 1986 had its predictable effect - weekly marketings during the late spring/early summer period began to increase and by late in the year approached levels in excess of 30 percent above comparable weeks in 1986.

Late in 1987, the anticipated, but greatly over-estimated, U.S. expansion finally began. The year-end marketing surge precipitated a dramatic drop in North American hog prices which was further accelerated by the October stock market crash. As a result, Saskatchewan's average price fell from $174.31/ckg in 1986 to $167.83 in 1987.

Declining market prices aroused producer interest in possible payouts from the National Tripartite Stabilization Program for Hogs. There were none in 1987 but the traditional hog cycle suggests there will be in 1988 and 1989. In addition, there will likely be some support from the SHARP Program which will, in 1988, begin the third year of the five-year phase-out.

Because of depressed prices in the grain industry, feed costs dropped substantially making it more attractive for farmers to feed hogs. The number of production units rose from 4,109 in 1986 to 5,014 in 1987, an increase of 905 units. Of these, approximately 700 were new producers. This suggests that Saskatchewan's traditional "grain-driven" volatility of production relative to other provinces, remains intact.

The Canadian Pork Council (C.P.C.) was involved nationally with a number of key policy issues. The C.P.C. has requested an administrative review by the U.S. Commerce Department of the countervailing duty on live hogs for the fiscal years of 1985/1986 and will request another for 1986/1987. Since there have been few payouts from stabilization programs during these periods, the live hog duty will be substantially reduced from its current 4.4 cents per pound.

The S.P.P.M.B. energetically supports the federal government's initiative on a bilateral trade agreement with the United States. Our industry has a long history of successfully competing in a free trade environment and since Canada exports 30 percent of its pork production, it is vital to pursue and agreement that will allow Canada to escape mounting U.S. protectionism. The status-quo will not remain in the absence of an agreement. We have already lost access to the highly protected European and Japanese markets which leaves the U.S. as the only world market accessible to us.

In spite of Saskatchewan's predisposition to rapid expansion, the S.P.P.M.B. does not foresee major marketing problems. The growth of our provisions department augmented by installation of a blast-chill unit at Intercontinental Packers, Saskatoon, will enable us to manage the increased volume provided our traditional trading relationships are not hampered by protectionist legislation.

There were two developments of note in the Western Canadian packing industry in 1987. The Gainers bacon plant opened in North Battleford, Saskatchewan in the spring. The ongoing financial difficulties of the Neepewa, Manitoba plant. and its inability to compete in the highly competitive meat packing industry forced it to close its doors twice in 1987.

The S.P.P.M.B. continues to support Canada Pork, Incorporated's excellent national promotion campaigns to strengthen the marketability of our pork. A recent Agriculture Canada nutrient study revealed that fat and cholesterol levels in Canadian pork were equal to or less than competing meats, fish and poultry, an achievement resulting from 20 years of index grading.

It is unfortunate that petty provincialism and organizational problems continue to frustrate Canada Pork's progress, however, we trust these will be resolved and we can remain a committed partner in the 1989 program.

We took the progressive jump to full electronic grading in January of 1987. Initially, some producers experienced sharply reduced indices but this was largely overcome in October when the regression equation used in the Destron electronic grading equipment was adjusted. Some producers, however, continued to experience sharp index reductions, a phenomenon we are continuing to examine as individual data becomes available. The provincial average index also declined from 103.4 in 1986 to 102.6 in 1987. As the grading system now, for the first time, measures muscle tissue, it may be that genetic adjustments will be required. Also, the increased use of high energy feed wheat in ration formulation may be a factor. Grading will continue to be a priority item in 1988.

There was one change in our Directorship in 1987. John Kirzinger of Leroy declined to let his name stand for Director but will remain as a Delegate. The Region #7 Delegates elected Donald Kolla of Cudworth as his replacement. Mr. Kirzinger sat on the Board of Directors from 1983 to 1986 and was particularly active in the area of feed grains policy and promotion of the "Reverse Switch" concept.

Nineteen eight-eight will be an exciting year, but not as profitable as 1987. We expect marketings to reach 950,000, and a further increase in 1989 which will present a new set of challenges. To market the hogs that appear to be coming it will be imperative that we secure access, unimpeded by tariff or non-tariff barriers, to our essential U.S. markets. Our producers also face the challenge of another cycle of depressed prices. To weather the previous low point producers became significantly more efficient, and we must do so again as we approach another descending price phase.

B. Garth Larson

Garth Larson, Chairman.

Despite sharp price drops during the fourth quarter, 1987 was a good year for pork producers. The year began with market analysts predicting disastrous price declines in the wake of an imminent major U.S. expansion. But, as the year progressed it became evident the expansion was not as "major" as first thought and as a result, hog prices were much stronger than expected. In addition, favorable feed costs combined with excellent prices during the first nine months enabled some producers to retire some debts and in some cases, even accumulate a surplus to ward-off the inevitable tough times ahead.

Saskatchewan prices strengthened for the first three quarters of 1987 and then declined in the fourth quarter. The net result was an average hog price for the year of $167.83/ hundred kilograms, four percent less than 1986. First quarter prices averaged 154.90, rose to 177.80/hundred kilograms in the second quarter, peaked in the third quarter at 193.70/hundred kilograms and fell to the yearly low of 146.33/ hundred kilograms.

A gradual growth trend established approximately six years ago (interrupted in 1985 and 1986) was resumed in 1987 with production up 10.21 percent to 816,337. The sales highlight of the year occurred during the week of December 14 when deliveries soared to 21,717, the first time since 1974 that weekly sales exceeded 20,000 hogs. With 1988 estimated marketings of 950,000, the Board expects weekly sales of 20,000 to become commonplace in 1988 and 1989.

Of the 816,337 hogs sold in 1987, 90.57% went to Intercontinental Packers for slaughter; 7.66% were processed by Saskatchewan small plants; 0.70% were shipped to other provinces; and 1.08% were shipped live to the United States.

Activity increased at Moose Jaw Packers in 1987 with hog carcasses being sold direct to U.S. buyers and, at year end, with the implementation of cull boar slaughter.

Both Canadian and U.S. production were up slightly in 1987. Canadian hog production totalled 14.5 million hogs, approximately 2% higher than 1986. U.S. production also increased by roughly two percent to 80 million hogs..

Exports of dressed pork continued to rise while exports of live animals continued to decline. Canadian dressed pork exports in 1987 totalled 550 million pounds with 85 percent marketed in the U.S. Live hog sales to the U.S. totalled 275,000 hogs, down 125,000 hogs from 1986. Imports rose as Canada imported 33.8 million pounds of dressed pork, with 70% of this from EEC countries.

North American hog production will expand in 1988 with a subsequent price decline. The United States Department of Agriculture predicts a six percent increase in hog slaughter or approximately five million additional hogs.

In Canada, provincial projections are: Quebec and the Maritime little change compared to 1987; Ontario up 5 percent; Manitoba and Alberta up six to eight percent; Saskatchewan leads with production increases expected to range from 15 to 20%.

If these expectations transpire, Canadian production will increase by 750,000 hogs to 15.2 million hogs in 1988.

North American hog prices in 1988 will be under pressure from beef and expanded supplies of U.S. poultry plus, in Canada, the added pressure of a strengthening Canadian/U.S. dollar exchange rate.

The major operational accomplishment in 1987 was full conversion to electronic grading on January 12. This was followed in April with the implementation of electronic transfer of all grading data directly from the probe to computer and the incorporation of the fat/lean measurement on grading certificates. Eventually, veterinary information will also be included. The electronic system is faster, more accurate and therefore, more cost efficient. It advances the Board one step closer to the realization of total computerization of the grading system.

Conversion to electronic grading revealed discrepancies between electronic and traditional ruler measurements. The Destron system software resulted in some comparatively drastic variations in a number of producer's average indexes and, it is thought, a gradual deterioration in the provincial average index. The Board conducted several parallel tests comparing Destron with the traditional ruler and the results confirmed that Destron's formula graded lower than the ruler at the top end of the scale and produced higher grades than the ruler at the lower end of the scale. The information was reviewed by the Canadian Pork Council, Agriculture Canada and the Canadian Meat Packers Council and in October, a revised formula was introduced. The amended formula produced grading results closer to those of the ruler but inconsistencies still exist and results will continue to be closely monitored.

Central Assembly Yard volumes increased in the Northern section of the province and declined in the south. With increased activity at Moose Jaw Packers, delivery patterns in the Moose Jaw area were altered. Volume at the Moose Jaw yard declined approximately 40 percent with a corresponding increase of direct deliveries to Moose Jaw Packers. Because of reduced hog volumes, Whitewood was cut back to bi-monthly assembly in July but resumed weekly assembly in October.

Due to declining hog prices and an increase in the commercial carrier fuel tax, the Board was compelled to raise Central yard rates, effective January 4, 1988, an average of 9.5 percent. The marketing levy and in-transit insurance rates remained unchanged in 1987.

The Board's provisions department increased its scope of activities through Moose Jaw Packers, in 1987. to include marketing carcass hogs direct to U.S. customers and cull boar slaughter which was instituted at year end.

Fifteen Regional Meetings were held in 1987 during the month of February. Attendance was good considering the excellent prices and no controversial issues. Electronic grading appeared to be the major topic of interest. The unofficial production survey revealed an increase of approximately ten percent, very close to the actual increase of 10.21 percent.

The year-end cheque deferral procedure was modified to simplify administration. Instead of issuing grading certificates only at time of sale and a single cheque at year-end, the Board now issues post-dated cheques at time of sale.

The S.P.P.M.B. was host to the Canadian Pork Council's Annual Meeting held July 14 at the Ramada Renaissance Hotel in Saskatoon. The business meeting went on record as supporting free trade talks and to continue working with the Canadian Meat Council and Agriculture Canada to alleviate some regional electronic grading variations.

S.P.P.M.B. Chairman, Garth Larson was re-elected to the Council's Executive Committee.

The social program received excellent comments.

The S.P.P.M.B. continued to administer the Tripartite Stabilization Program on behalf of the federal government and will continue to administer the Saskatchewan Hog Assured Returns Program until the phase out is complete in 1991. Garth Larson completed his term on the National Tripartite Stabilization Committee.

The Western Hog Journal, a joint venture supported by the four western hog marketing agencies, was given a major face-lift in 1987.

Office improvements in 1987 included the purchase of an IBM compatible word processing system to replace the leased and outdated equipment; the installation of a Fax machine and conversion of the commodity wire service to an electronic display received via satellite dish.

Saskatchewan Pork News, our weekly newsletter, again proved to be a popular item with subscriptions exceeding 3,000 by year end.

Nationally and provincially, 1987 was a progressive year for pork promotion.

Saskatchewan's main promotion activity in 1987 was through participation in the Canada Pork campaign which targeted the retail and foodservices sectors. The new retail program spot lighted innovative merchandising techniques for boneless and well trimmed pork ("Pork Steak"). The new concept was introduced to all major Saskatchewan retail stores with Canada Safeway reporting a substantial increase in sales of inside and outside leg steaks which they credit to the new merchandising approach. The program will be expanded in 1988.

The national foodservices program, now in its second year, coordinated pork promotions in restaurant chains including K-Mart, Kresge's, and Sears. Locally, pork promotions were featured at a number of family and gourmet restaurants, cafeterias and institutions.

On March 26, 1987, to officially launch the foodservices program, Saskatchewan's culinary team created and presented "Pork at its Finest" at a dinner event attended by 350 Hotels Association Convention Delegates.

In November, Vancouver was the setting for Expo Pork, a unique exposition of new Pork products and ideas. Fifteen Canadian Packers displayed over forty new Pork products and introduced fresh merchandising ideas and menu suggestions to invited foodservices, retail and meat industry leaders.

Canada Pork, the national body, and participating provincial marketing boards jointly coordinate the retail and foodservices programs. Canada Pork increased its staff in 1987 to five full time personnel with offices in Toronto and Vancouver.

Although promotion emphasis is aimed at the retail and foodservices sector, the Board participates in specific projects such as Agribition and Canadian Meat Month.

To observe Canadian Meat Month the Board took part in a panel discussion which dealt with dispelling production, human health and industry marketing myths. The discussion, held January 26, 1987, was co-coordinated by the Saskatoon Board of Trade and the red meat industries.

The Board participated in Agribition's largest show in 1987, with a Consumer booth in the Western Canadian Lifestyles Showcase area, a selling booth in the trade and technology area, and jointly in the Agri-educational showcase geared to school aged children.

A significant event in 1987 was Agriculture Canada's release of a new nutrient analysis of Canadian Pork. It revealed that cuts of pork are leaner, lower in cholesterol and calories, but richer in protein and vitamins than previously believed (see pork chart).

The Promotion budget now totals $0.23 per hog, with $0.10 earmarked for the national retail program, $0.05 for the national foodservices program, and $0.08 for provincial programs. This includes the cost of our own staff member to make the program viable in Saskatchewan. With the expansion of Canada Pork, pork promotion has become far more sophisticated. The combined effort of national and provincial staff will make the program even stronger in 1988.

Today's beef, pork and lamb have slimmed down considerably. In fact, the latest research from Agriculture Canada shows that the fat and cholesterol content of meat is similar to that of chicken and fish.

90 g (3 oz.) Serving		Cholesterol (mg)	Fat (g)	calories
Beef, sirloin steak broiled (lean only)	*1	65	6.1	167
Pork, leg, butt roast (lean only)	*2	65	6.9	182
Lamb leg, roasted (lean only)	*1	90	6.3	167
Chicken roasted, (no skin)	*1	67	6.3	150
Cod, broiled	*1	73	4.5	153

*1 Canadian Nutrient File, 1987, Health & Welfare Canada.

*2 Nutrient Composition of Retail Pork Cuts, Agriculture Canada 1987.

Returning Officer's Report
Dr. Louise Greenberg,
Saskatchewan Agriculture

The closing date for nominations was February 21, 1987. The official number of nominations received was:

Region #1 - 5
Region #3 - 5
Region #5 - 5
Region #7 - 7

Region #1

As only five nominations were received from Region #1, the following were declared elected by acclamation:

Irene Cruson, Regina
Dwain Davis, Arcola
Dennis Rutten, Carlyle
Brian Tennant, Kipling
Richard Wright, Wawota

Region #3

As only five nominations were received from Region #3, the following were declared elected by acclamation:

Herb Dunser, Medstead
Raymond Gatzke, Spiritwood
Ken Jamieson, Battleford
Lorrie Reed, Elrose
Peter Volk, Tramping Lake

Region #5

As only five nominations were received from Region #5, the following were declared elected by acclamation:

Douglas Edwards, Nokomis
Garth Larson, Semans
Don Mortenson, Govan
Dennis Schutz, Churchbridge
Keith Stephens, Balcarres

A mail-in election was held in Region #7. Ballots postmarked by March 25 and received by March 30 at the Returning Office were included for counting. A voters' list printed by computer February 25, 1987, was used to verify eligible voters.

Voting statistics were as follows:

Region #7

Ballots Cast	120
Spoiled Ballots	1
No Identification	3
Ballots Accepted	116
Number of Eligible Voters	412
Percent Return	28.2

The candidates declared elected in Region #7 were (in alphabetical order):

Gregor Kehrig, Bruno
John Kirzinger, Leroy
Donald Kolla, Cudworth
Dennis Merkosky, Humboldt
Paul Ulrich, Spalding

The 1987 Delegate list including new Delegates in Region #7 was:

Region #1

Cruson, Irene, Regina
Davis, Dwain, Arcola
Rutten, Dennis, Carlyle
Tennant, Brian, Kipling
*Wright, Richard, Wawota

Region #2

Crone, Art, Moose Jaw
*Hepworth, Glenn, Assiniboia
Jans, Albert, Maple Creek
Vermette, Wayne, Kyle
Yorga, Irvin, Flintoft

Region #3

Gatzke, Raymond, Spiritwood
*Jamieson, Ken, Battleford
Reed, Lorrie, Elrose
Reid, Blaine, Evesham
Zunti, Francis, Salvador

Region #4

*Gattey, Scott, Outlook
Guenther, Elmer, Osler
Neudorf, William, Rosthern
Reed, Brian, Birsay
Wagner, Harvey, Hague

Region #5

Edwards, Douglas, Nokomis
*Larson, Garth, Semans
Mortenson, Don, Govan
Schutz, Dennis, Churchbridge
Stephens, Keith, Balcarres

Region #6

Dancey, Allan, Star City
Fast, Harold, Spiritwood
Lidster, Nancy, White Fox
*Thibault, Roger, St. Benedict
Wipf, Ken, Aylsham

Region #7

Kehrig, Gregor, Bruno
Kirzinger, John, Leroy
*Kolla, Donald, Cudworth
Merkosky, Dennis, Humboldt
Ulrich, Paul, Spalding

*Designates Director

At the Board's Fourth Annual Meeting held April first, 1987, Travelodge, Saskatoon, Region #7 Delegates elected Donald Kolla as Region #7 Director. Incumbent Director John Kirzinger declined to stand for re-election.

Nineteen resolutions were presented to Delegates attending the Annual Meeting. Of these, eleven were carried, six were defeated and because of no mover, two failed to reach the voting stage.

The Resolutions Committee consisting of Chairwoman Irene Cruson, Irvin Yorga and Wayne Vermette, was re-appointed for another term.

The Technology Transfer Program is a three year specialized extension program administered by the S.P.P.M.B. through the Production and Research Committee and funded by E.R.D.A. (Federal/Provincial Regional Economic Development Agreement).

Total funding from E.R.D.A. over the three year period is $180,000.00.

The program, with offices in the S.P.P.M.B. building in Saskatoon, is coordinated by Marilyn Jonas.

The Program's objectives are:

1. To increase producer involvement in the planning and delivery of information extension programs.

2. To form mutual interest "producer groups" whose members can profit from each other's experience.

3. To establish resources and expertise to which producers can refer to improve their operations and therefore, the industry.

Now in its second year, the Program is well on its way to achieving these objectives through:

1. Formation of a number of Producer Groups throughout the province. Now in their second year, most of these groups are completely self-reliant with the Resource Coordinator providing assistance by suggesting topics and activities and locating suitable speakers.

2. Organization and sponsorship of a number of key Pork Management Seminars featuring internationally recognized speakers. These include: Temple Grandin (June 1987), International Pigletter (August 1987), Peter English (October 1987) and Hemsworth and Baxter (February 1988).

3. Involvement of local producers, veterinarians and extension and industry specialists in pork management extension.

. Development of a Pork Production Video Tape Lending Library currently based on Video Tapes recorded "live" at the Pork management Seminars. Interest in the tapes has been high.

5. Development of the Pork Industry Suppliers Directory listing over 50 pork industry suppliers. The Directory will be expanded in 1988.

The Technology Transfer Program has successfully expanded the "extension" base of the Pork Industry. Producer input and involvement in the program's projects has been the backbone of this success.

Members:

Ken Jamieson, Battleford, Chairman

Izaac Cruson, Regina

Keith Stephens, Balcarres

Paul Ulrich,Spalding

Harold Fast, Spiritwood

Dr. Al Theede, Saskatchewan Agriculture, Saskatoon

Projects and activities in 1987 include:

Commitment of $25,000 per year to support the appointment of Dr. John Patience as Research Director of the Prairie Swine Centre, University of Saskatchewan, Saskatoon.

A grant of $18,000 to the Prairie Swine Centre to fund a study into the feeding costs of market hogs.

Financial support amounting to approximately $17,000 per year, of a Swine Research Chair at the Veterinary Infectious Diseases Organization (VIDO), University of Saskatchewan, Saskatoon. The support is a cooperative effort of the by the western pork boards and is based on annual provincial production.

Funding for a survey and study of electrical energy usage on Saskatchewan farms.

Presentation of a brief to Agriculture Canada's Research and Technology Hearing on November 6, 1987.

In addition, the Committee sponsors the annual Swine Symposium, and Swine Design, an annual pork industry trade show.

Funding for the Committee's activities and projects is generated from interest on a Government of Saskatchewan grant of $130,000 and from a 0.05 percent checkoff assessed on the gross value of each pig marketed.

Saskatchewan's "Top 21 Producer " pins were awarded at the annual Swine Symposium Banquet held November 18, Travelodge, Saskatoon. All producers who marketed through the S.P.P.M.B. during the period January 1, 1987 to October 23, 1987, were eligible for the quality production awards.

The Board congratulates the following producers for their exemplary production achievement.

	Marketing Category	Production Unit	Average Index
Region #1	1,500 and over	Rae's Co-op Farms, Benson	106.0714
	500 - 1,500	Crossroads Co-op Farm, Fillmore	107.2204
	500 and Under	Andy J.Perreaux, Redvers	105.5700
Region #2	1,500 and Over	Tompkins Colony, Tompkins	106.3688
	500 - 1,500	J. Yorga Farms, Flintoft	106.9313
	500 and Under	Hiembrandt Ent., Moose Jaw	106.8116
Region #3	1,500 and Over	Goldenview Colony, Biggar	106.3471
	500 - 1,500	Kevin James Walker, Rosetown	106.3280
	500 and Under	Lonnie Walker, Rosetown	105.7227
Region #4	1,500 and Over	Clear Spring Colony, Kenaston	106.0444
	500 - 1,500	Flynn Brothers, Beechy	106.8373
	500 and Under	Reginald D. Friesen, Waldheim	107.6185
Region #5	1,500 and Over	Larson Livestock, Semans	105.2859
	500 - 1,500	Rodney Goosen, Stenen	107.2824
	500 and Under	Clifford Bartel, Saltcoats	106.0700
Region #6	1,500 and Over	DG & NJ Lidster, White Fox	105.9179
	500 - 1,500	R. & P. Armstrong, Star City	105.8851
	500 and Under	David Brown, McKague	107.2185
Region #7	1,500 and Over	Paul Ulrich, Spalding	106.6438
	500 - 1,500	Lucien Lepage, Bruno	107.2226
	500 and Under	Yves Lepage, Bruno	106.9633

* Average index calculations include all hogs indexing 80 or over; dead or condemned hogs are not included.

Size of Saskatchewan Production Units
1987 - 1986 - 1985

Hogs Sold Per Year	Number of Production Units			% Change 1987/1986
Category	1987	1986	1985	
1 - 100	3,127	2,528	3,182	+23.7
101 - 200	386	336	443	+14.9
201 - 500	445	381	439	+16.8
501 - 1,000	218	206	236	+ 5.8
1,001 - 2,000	90	83	106	+ 8.4
2,001 - 4,000	35	40	38	-12.5
4,001 and over	31	24	21	+29.2
Total	4,332	3,598	4,467	

Source: Saskatchewan Pork Producers Marketing Board

Saskatchewan Marketings By Size of Production Unit

1987 - 1986 - 1985

Hogs Sold Per Year	Marketings			% Change 1987/1986
Category	1987	1986	1985	
1 - 100	64,900	53,185	71,319	+22.0
101 - 200	56,030	48,411	64,656	+15.7
201 - 500	143,008	121,704	143,717	+17.5
501 - 1,000	151,652	144,772	164,189	+ 4.8
1,001 - 2,000	119,600	108,287	144,846	+10.4
2,001 - 4,000	95,442	111,309	112,161	-14.3
4,001 and over	185,705	153,036	118,794	+21.3
Total	816,337	740,704	819,682	

Source: Saskatchewan Pork Producers Marketing Board

Destination of Hogs, Sows and Boars 1987 Compared to 1986

Destination	Quantity		Percent	
	1987	1986	1987	1986
Intercontinental Packers	736,096	686,124	90.57	92.63
Sask. Small Plants	22,645	20,682	2.79	2.79
Other Provinces	45,263	13,846	5.57	1.86
U.S.A.	8,751	20,052	1.08	2.71
Totals	812,755	740,704	100.00	100.00

Source: S.P.P.M.B.

Note: The 1987 total includes 158,050 hogs custom killed for the S.P.P.M.B. Provisions Department.

Summary of Boar Sales, 1987

Date	Number of Boars	Price ($/ckg)
January 14	239	$63.93
February 11	240	64.71
March 11	206	66.60
April 8	222	81.57
May 13	215	83.11
June 10	215	79.15
July 8	254	76.81
August 12	323	79.61
September 16	225	79.15
October 14	335	65.26
November 18	341	67.59
December 16	340	61.99
Total 1987	3,155	Average $72.47
Total 1986	2,684	Average $64.82
Total Value 1987		$541,230.82
Total Value 1986		$423,297.89

Source: S.P.P.M.B.

To increase the boar program's efficiency and convenience, as of January first, 1988, the number of boar shipping days was increased from one to two days per month.

Comparison of Cost of Production Under SHARP
By Quarter 1987 (1986)
($/100 Kilograms, Dressed, Index 100)

	Quarter #1	Quarter #2	Quarter #3	Quarter #4
Cash Costs	105.18 (117.44)	104.32 (115.90)	104.23 (115.19)	102.56 (110.16)
Non-Cash Costs	63.76 (67.73)	64.44 (67.17)	66.38 (68.28)	65.90 (63.51)
Cost of Production	168.94 (185.16)	168.76 (183.07)	170.61 (183.49)	168.45 (173.68)
Support (Floor) Price	153.00 (168.23)	152.65 (166.27)	154.01 (166.40)	151.99 (157.81)
Average Hog Price	154.90 (147.69)	177.80 (153.93)	193.70 (206.90)	146.32 (187.59)

SHARP Payout by Quarter, 1986

First Quarter:	$8,833.80
Second Quarter:	181.35
Third Quarter:	0.00
Fourth Quarter:	618,152.87
Total Payout	$627,168.02
Participants at December 31, 1987	3,061

Source: S.P.P.M.B.

As stipulated by the National Tripartite Stabilization Program, from January 1, 1987 to March 31, 1987, SHARP payments were reduced to 90 percent of normal and from April 1, 1987 to January 31, 1987, payments were phased down to 70 percent of normal.

Number of Producers up 21.3 percent

Saskatchewan's pork industry experienced substantial growth in 1987. The seven electoral regions contained 4,280 production units, up 21.3 percent compared to 1986. These units marketed 801,048 hogs, an increase of 13.0 percent.

Although the number of producers in Region #1 rose from 366 in 1986 to 390 in 1987, an increase of 6.6 percent, the production slipped 1.7 percent to 49,180. A possible explanation for this inconsistency is reduced marketings due to herd restructuring by some of the larger producers in the area.

The figures in the table are marketings by electoral region and they do not include small plant settlements or marketings by out of province producers.

Production Units by Electoral Region

At Dec 31, 1987 (1986 in brackets)

Region	No. Units		% Change	'87 Hogs Sold '86		% Change
1	390	(366)	+ 6.56	49,180	(50,037)	- 1.7
2	558	(423)	+31.91	146,035	(130,337)	+12.0
3	856	(663)	+29.11	148,008	(125,128)	+18.3
4	604	(481)	+25.57	138,217	(122,313)	+13.0
5	507	(460)	+10.22	71,982	(63,939)	+12.6
6	903	(727)	+24.21	114,204	(98,043)	+16.5
7	462	(409)	+12.96	133,422	(119,511)	+11.6
Totals	4,280	(3,529)	+21.28 (Average)	801,048	(709,308)	+13.0 (Average)

Out of Province Units - 52 (69)
Out of Province Marketings - 15,289 (31,396)

Source: S.P.P.M.B.

Saskatchewan Weekly Pool Prices and Marketings - 1987

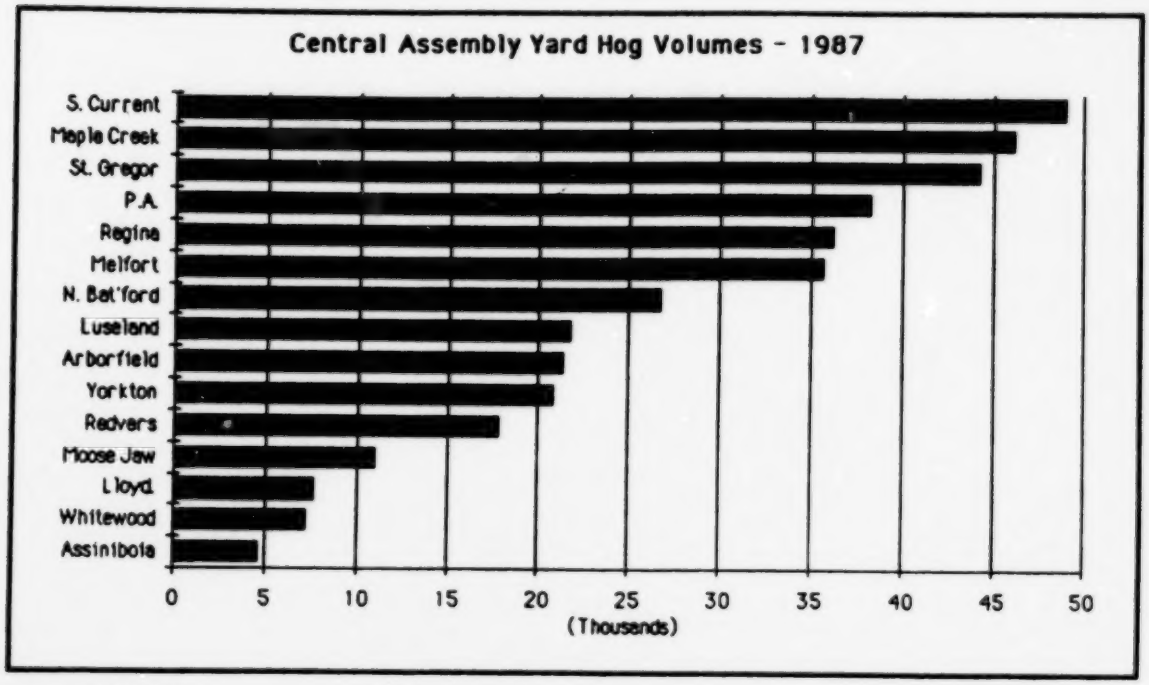
(Market Hogs - $/100 Kilograms, Dressed, Index 100
Sows - $/100 Kilograms, Dressed, No. 1 Heavy)

Week Ending	Market Hog Pool Price	Sow Pool Price	Del.
Jan 02	164.50	108.00	1,502
Jan 09	157.60	107.00	16,988
Jan 16	155.80	108.80	15,082
Jan 23	155.40	111.70	14,643
Jan 30	156.40	113.50	14,589
Feb 06	162.20	116.00	14,409
Feb 13	157.90	120.80	15,189
Feb 20	157.00	120.80	14,596
Feb 27	155.20	119.50	14,273
Mar 06	152.10	118.50	14,559
Mar 13	151.20	117.70	14,574
Mar 20	149.60	117.40	14,642
Mar 27	149.60	118.20	16,182
Apr 03	149.60	118.50	14,455
Apr 10	156.47	117.70	16,067
Apr 17*	156.00	117.50	13,692
Apr 24	154.00	118.40	15,329
May 01	159.60	120.00	15.535
May 08	175.30	125.20	15,047
May 15	181.80	125.10	15,337
May 22*	177.90	126.80	14,396
May 29	186.30	127.20	15,796
Jun 05	188.90	124.30	16,297
Jun 12	194.60	121.90	14,578
Jun 19	199.50	120.50	15,171
Jun 26	204.10	121.90	15,492
Jul 03*	200.50	122.80	14,270
Jul 10	194.60	12.90	15,866
Jul 17	194.20	122.10	14,503
Jul 24	204.20	125.10	15,609
Jul 31	202.80	125.70	15,655
Aug 07*	198.30	130.80	13,703
Aug 14	199.30	129.50	17,034
Aug 21	198.20	131.20	15,314
Aug 28	199.00	133.10	16,359
Sep 04	195.10	134.60	14,290
Sep 11*	186.90	128.70	15,354
Sep 18	182.60	124.70	16,067
Sep 25	177.70	122.30	16,202
Oct 02	178.80	123.40	17,338
Oct 09	173.90	122.30	16,957
Oct 16*	169.60	117.80	14,369
Oct 23	162.80	111.20	18,578
Oct 30	151.30	99.90	17.586
Nov 06	138.00	86.30	17,282
Nov 13*	132.60	83.80	15,161
Nov 20	134.10	79.80	18,007
Nov 27	137.80	81.80	18,286
Dec 04	149.90	81.60	18,324
Dec 11	144.90	72.40	19,177
Dec 18	132.40	69.30	21,717
Dec 25*	130.70	74.20	607
Jan 01	126.80	65.60	20,720

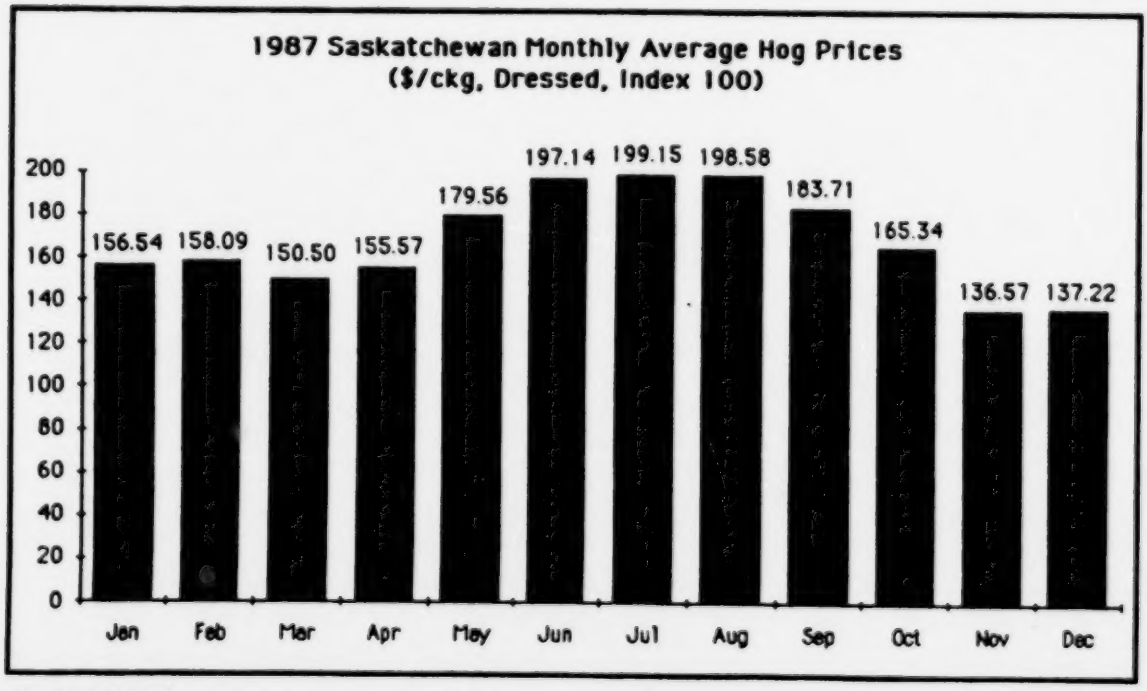
* Holiday Week

Note: Intercontinental Packers planned Maintenance shutdown December 21 - 25

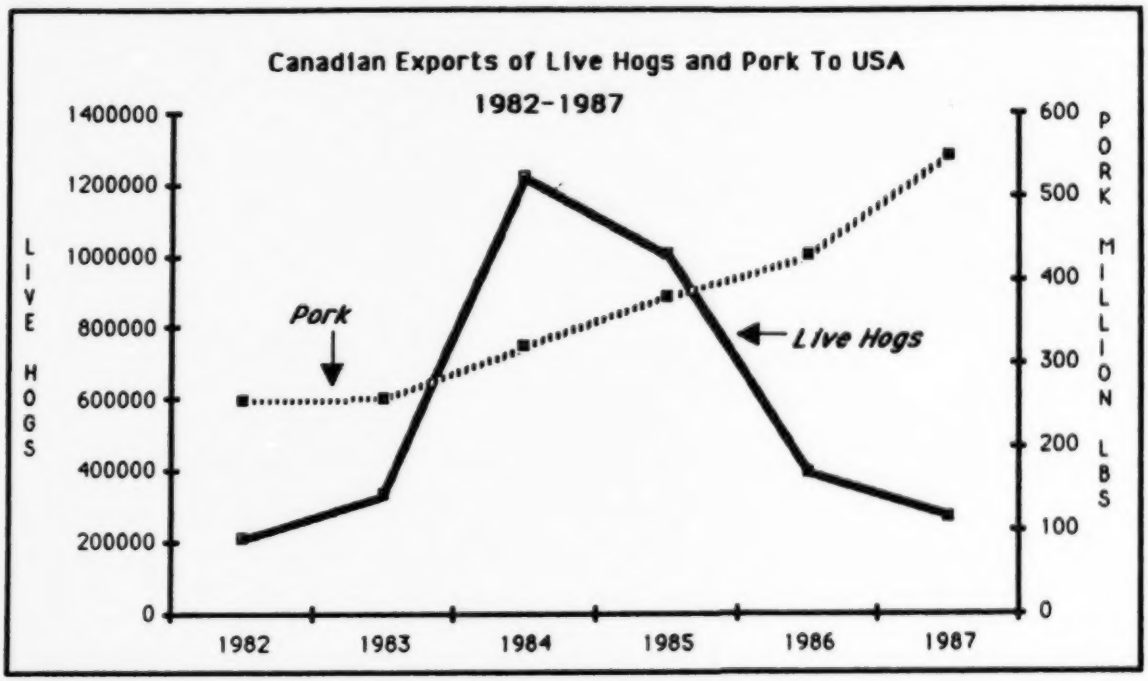
Source: S.P.P.M.B.

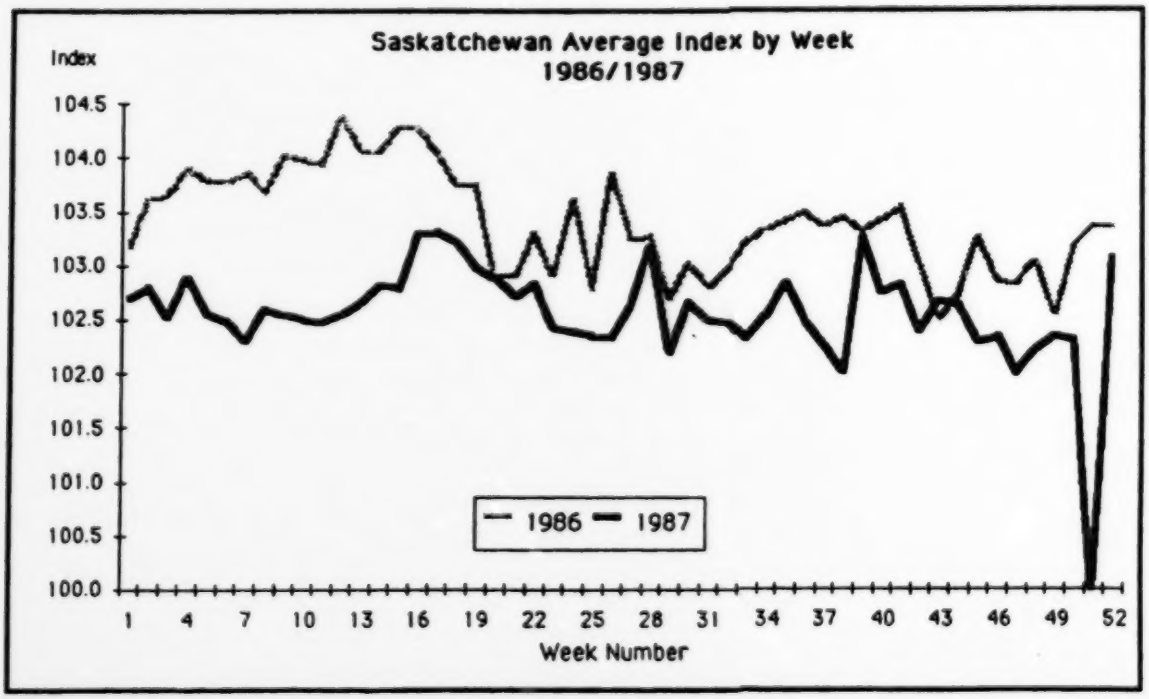


Source: S.P.P.M.B.

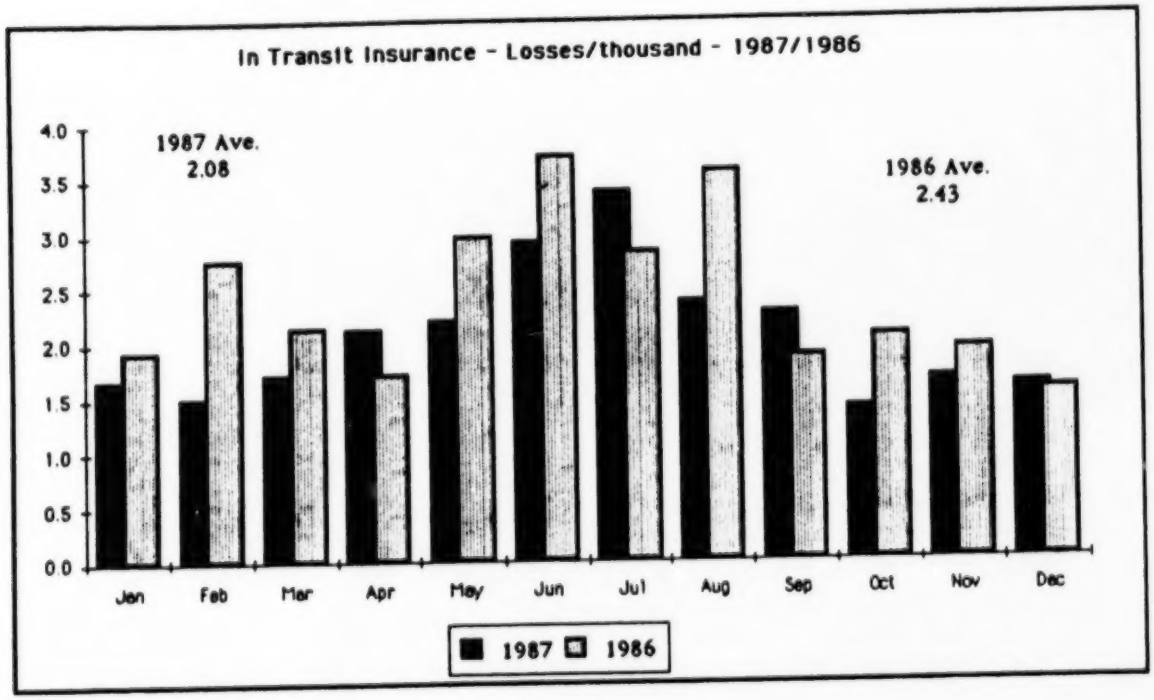


Source: S.P.P.M.B.

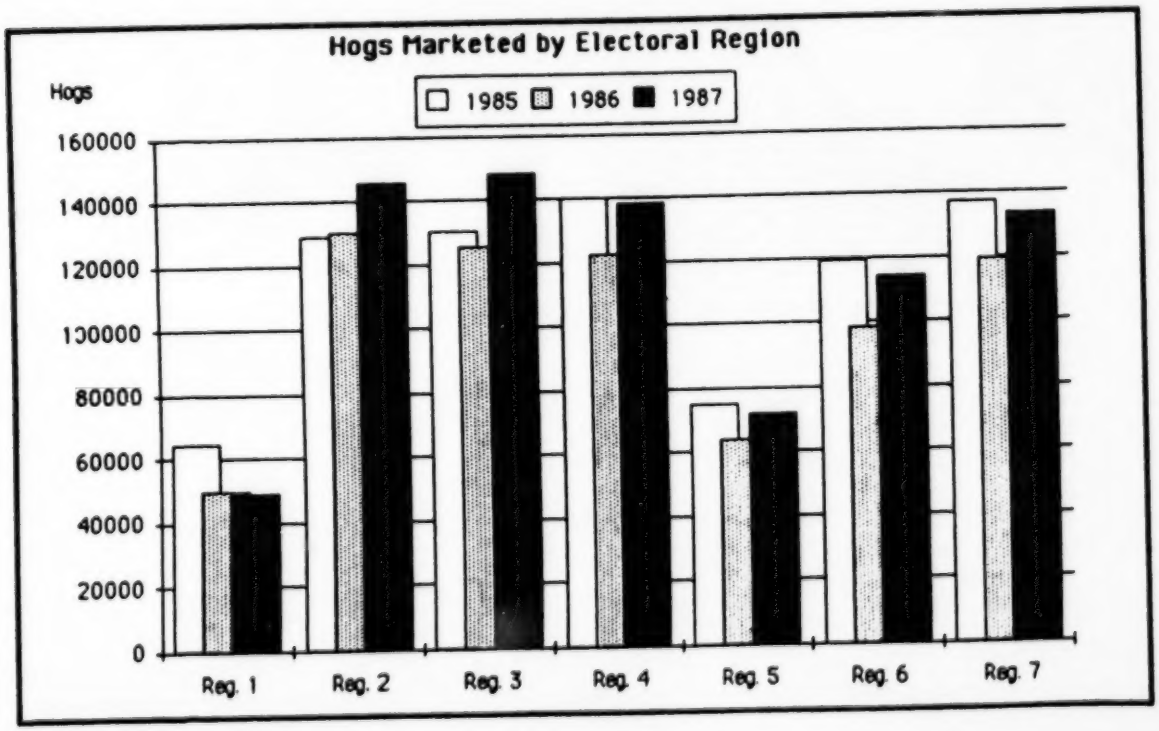




Source: S.P.P.M.B.
Note: Week Number 51 Intercontinental Packers planned shutdown for maintenance.



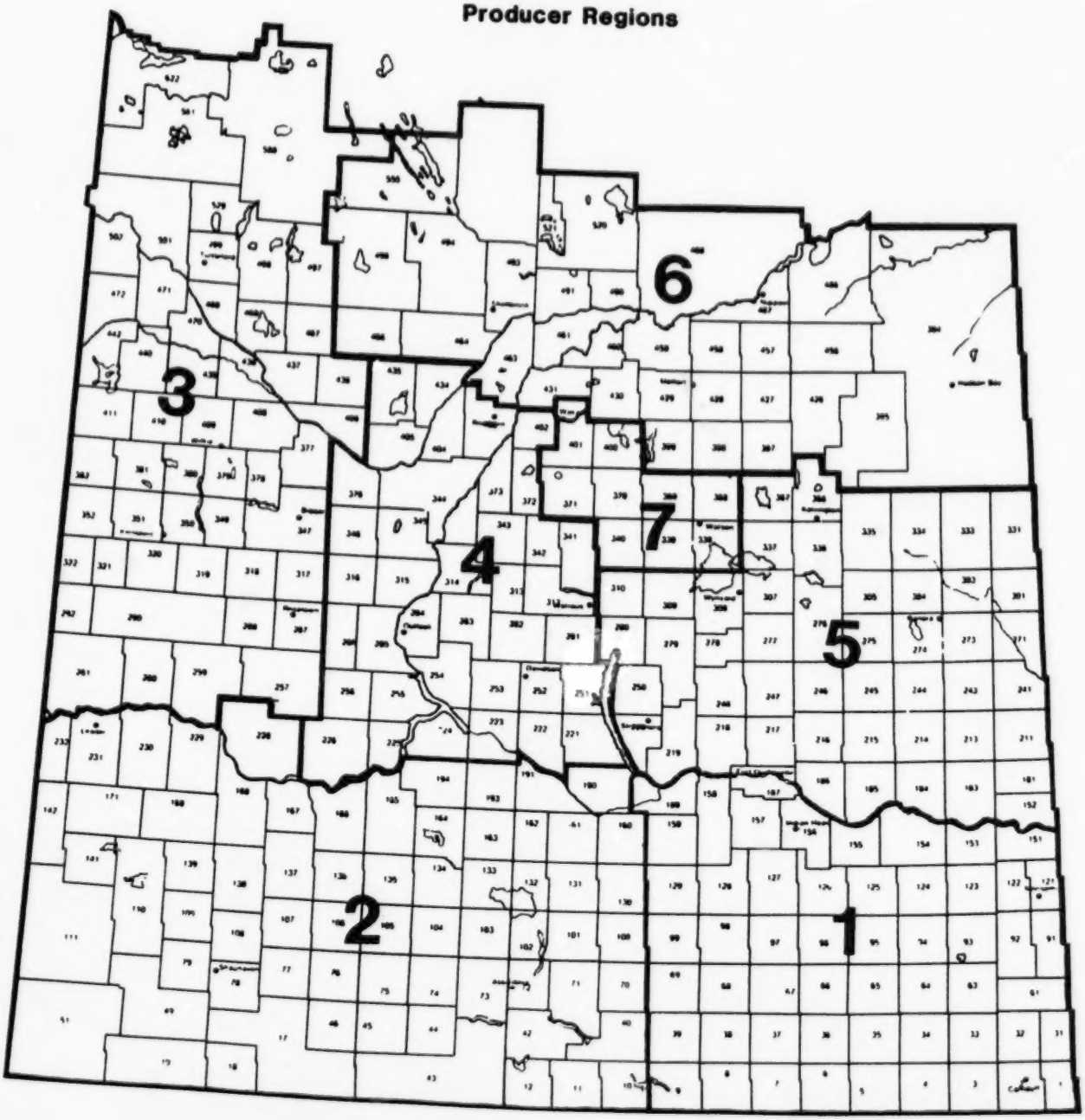
Source: S.P.P.M.B.



Source: S.P.P.M.B.

Saskatchewan Pork Producers Marketing Board

Producer Regions



SASKATCHEWAN PORK PRODUCERS MARKETING BOARD

FINANCIAL STATEMENTS

Year Ended December 31, 1987

OFFICE OF THE PROVINCIAL AUDITOR

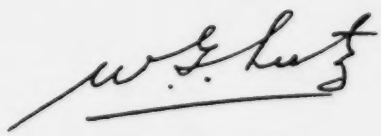
REGINA, SASKATCHEWAN

AUDITOR'S REPORT

To the Board of Directors
Saskatchewan Pork Producers Marketing Board

I have examined the balance sheet of the Saskatchewan Pork Producers Marketing Board as at December 31, 1987, and the statements of revenue and expenditure, unappropriated surplus, and cash flows for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at December 31, 1987, and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan,
March 4, 1988.

W. G. Lutz, F.C.A.,
Provincial Auditor.

Statement 1

SASKATCHEWAN PORK PRODUCERS MARKETING BOARD

Balance Sheet at December 31

	1987	1986
ASSETS		
Current		
Cash in bank and term deposits	$ --	$ 958,062
Accounts receivable and accrued interest	87,677	88,519
Prepaid expenses	100,285	84,233
Due from Producers' Trust Fund	1,841,259	908,039
	2,029,221	2,038,853
Fixed assets (Note 3)	1,076,292	1,135,970
	3,105,513	3,174,823
Producers' Trust Fund assets (Note 7)	3,553,315	3,382,617
	$6,658,828	$6,557,440
LIABILITIES AND EQUITY		
Current		
Bank overdraft	$ 18,020	$ --
Accounts payable		
- trade and accrued liabilities	195,013	136,665
- SHARP	281,351	565,334
- Tripartite scheme	171,432	154,155
- other	60,659	48,141
	726,475	904,295
Mortgage payable (Note 6)	413,186	419,816
	1,139,661	1,324,111
Producers' Trust Fund liabilities (Note 7)	3,553,315	3,382,617
Equity		
Unappropriated equity (Statement 3)	1,388,478	1,229,089
Reserves (Note 5)	577,374	621,623
	1,965,852	1,850,712
	$6,658,828	$6,557,440

(See accompanying notes to the financial statements)

Chairman B. Gartner

General Manager

Statement 2

SASKATCHEWAN PORK PRODUCERS MARKETING BOARD

STATEMENT OF REVENUE & EXPENDITURE

Year Ended December 31

	1987	1986
Revenue:		
Marketing levy (Note 4)	$1,125,224	$ 882,301
Buyer fees and licenses	1,817	1,952
Excess of revenue over expenditure - central yard operations (Schedule 1)	1,764	95,207
Excess of revenue over expenditure - transit insurance operations (Schedule 2)	55,781	53,358
Interest	69,199	63,015
SHARP net administration revenue	65,995	64,331
Rent	29,013	7,225
Sundry	69,141	44,247
Total revenue	1,417,934	1,211,636
Expenditure:		
Administration and office		
Advertising and producer information	31,841	40,366
Automobile and travel	36,037	34,802
Bank charges	18,152	25,120
Building rent and maintenance	44,641	42,783
Directors' and delegates' expense	89,739	90,197
Communications	81,875	70,944
Computer services, equipment rental and maintenance	102,525	89,615
Depreciation and amortization	28,906	18,675
Interest expense	50,794	25,864
Printing, postage and stationery	59,532	55,672
Professional services	4,849	10,555
Salaries and employee benefits	433,761	430,436
Sundry	61,821	70,237
	1,044,473	1,005,266
Other		
Canadian Pork Council fees	32,787	29,692
Grants, dues and related expenditures	77,833	3,711
Pork promotions	147,701	64,027
	258,321	97,430
Total expenditure	1,302,794	1,102,696
Excess of revenue over expenditure - to Statement 3	$ 115,140	$ 108,940

(See accompanying notes to the financial statements)

Statement 3

SASKATCHEWAN PORK PRODUCERS MARKETING BOARD

STATEMENT OF UNAPPROPRIATED EQUITY

Year Ended December 31

	1987	1986
Balance, beginning of year	$1,229,089	$ 267,392
Excess of revenue over expenditure for the year (Statement 2)	115,140	108,940
	1,344,229	376,332
Appropriated (Note 5)		
Capital assets reserve	--	885,346
Market development reserve	46,701	18,574
Research reserve	(2,452)	(51,163)
Balance, end of year - Statement 1	$1,388,478	$1,229,089

(See accompanying notes to the financial statements)

Statement 4

SASKATCHEWAN PORK PRODUCERS MARKETING BOARD

STATEMENT OF CASH FLOWS

Year Ended December 31

	1987	1986
Cash provided by (used in) operating activities		
Income (loss) from operations	$ 115,140	$108,940
Add changes to operations not requiring a current cash payment - depreciation	80,784	72,451
	195,924	181,391
Net change in non-cash working capital balances, related to operations (Note 8)	(1,144,270)	(111,263)
Cash provided by (used in) operating activities	(948,346)	70,128
Cash (used in) investment activites		
Capital expenditures	(21,106)	(488,177)
Proceeds on sale of fixed assets	--	199
Cash used in investment activities	(21,106)	(487,978)
Cash provided by (used in) financing activities		
Mortgage proceeds - net of repayments	(6,630)	419,816
Cash provided by financing activities	(6,630)	419,816
Net increase (decrease) in cash during the year	(976,082)	1,966
Cash position at beginning of year	958,062	956,096
Cash position at end of year	$ (18,020)	$958,062

(See accompanying notes to the financial statements)

SASKATCHEWAN PORK PRODUCERS MARKETING BOARD

NOTES TO FINANCIAL STATEMENTS

December 31, 1987

1. Significant Accounting Policies

a) Fixed Assets

Fixed assets are recorded at cost and depreciated on a straight line basis, commencing in the year in which the assets are placed in service, at rates which are expected to amortize the cost over the service life of each asset. Leasehold improvements are recorded at cost and amortized over the remaining life of the lease.

b) Trust Fund

The Trust Fund has been set up to account for receipts from packers on account of hog purchases by the packers from producers and for making payment to producers, truckers, and assemblers.

c) Transit Insurance

The Board administers a program of self-insurance with respect to the transportation of hogs. In accordance with this program the Board receives premiums from producers and makes payments in settlement of claims resulting from the loss of hogs in transit. Any surplus or deficit in this program is transferred to the Board's revenue or expenditure each year.

2. Authority

The Saskatchewan Pork Producers Marketing Board was established by Order in Council 59/84 pursuant to section 14 of the Natural Products Marketing Act.

3. Fixed Assets

	1987			1986
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Buildings	$1,136,071	$295,595	$ 840,476	$ 894,282
Furniture and office equipment	175,089	139,618	35,471	26,389
Equipment	181,472	167,286	14,186	24,554
Leasehold improvements	--	--	--	4,586
Land	186,159	--	186,159	186,159
Total	$1,678,791	$602,499	$1,076,292	$1,135,970

4. Marketing Levy

A marketing levy is retained by the Board representing 1% of the gross value of hog sales. The levy was increased to 1.2% effective March 3, 1986.

The levy has been disclosed net of direct expenses which amounted to $6,631 during 1987, and $7,701 during 1986.

5. Reserves

Reserves are established by the Board for specific purposes as below. Amounts are appropriated from (to) the unappropriated surplus annually as determined by the Board of Directors.

i) Market Development Reserve

An amount of $400,000 was received in 1973 from the Department of Agriculture for the purpose of assisting in the promotion and development of export markets for Saskatchewan pork and pork products. Subsequent to 1973, an amount equal to the net cost of the market development activities has been appropriated from this reserve by the Board every year.

ii) Capital Assets Reserve

In 1986, this reserve was returned to unappropriated surplus as a result of the purchase of an office building.

iii) Research Reserve

In 1984, the Saskatchewan Pork Producers Marketing Board received an amount of $130,000 from the Government of Saskatchewan to fund research, promotion and producer education. Subsequent to 1984, an amount equal to a portion of the marketing levy designated by the Board less the related research expenses has been appropriated to this reserve by the Board every year.

Reserve Balances

	Market Development	Capital Assets	Research Reserve	Total
Balance January 1, 1987	$341,474	$ --	$280,149	$621,623
Appropriated in 1987	(46,701)	--	2,452	(44,249)
Balance December 31, 1987	$294,773	$ --	$282,601	$577,374

6. Mortgage Payable

On July 3, 1986, the Board assumed a 12 1/2% mortgage upon purchase of an office building in Saskatoon. Annual principal and interest payments on the mortgage are $56,988 with the balance due on September 1, 1990.

7. Producers' Trust Fund

	1987	1986
Trust fund assets are comprised of:		
Accounts receivable	$3,404,857	$3,364,506
Processed pork for resale	148,458	18,111
	$3,553,315	$3,382,617
Trust fund liabilities are comprised of:		
Bank overdraft	$ 878,220	$ 951,404
Accounts payable	833,836	1,523,174
Due to Board	1,841,259	908,039
	$3,553,315	$3,382,617

8. Non-Cash Working Capital Changes

	1987	1986
Accounts receivable and accrued interest	$ 842	$ (49,280)
Prepaid expenses	(16,053)	(36,711)
Due from trust	(933,220)	(480,303)
Accounts payable	(195,839)	455,031
	$(1,144,270)	$(111,263)

Schedule 1

SASKATCHEWAN PORK PRODUCERS MARKETING BOARD

SCHEDULE OF CENTRAL YARD REVENUE AND EXPENDITURE

Year Ended December 31

	1987	1986
Revenue:		
Marketing levy	$ 268,894	$ 355,328
Trucking and assembly	883,765	817,974
Other	67,703	62,545
	1,220,362	1,235,847
Expenditure:		
Depreciation and amortization	51,877	53,776
Salaries and employee benefits	74,555	68,015
Trucking	859,368	782,321
Yard rentals	154,752	154,574
Other	78,046	81,954
	1,218,598	1,140,640
Excess of revenue over expenditure - to Statement 2	$ 1,764	$ 95,207

Schedule 2

SASKATCHEWAN PORK PRODUCERS MARKETING BOARD

SCHEDULE OF TRANSIT INSURANCE REVENUE AND EXPENDITURE

Year Ended December 31

	1987	1986
Revenue:		
Premiums earned	$329,063	$312,629
Expenditure:		
Claims incurred	238,482	231,829
Salaries	25,200	25,200
Other	9,600	2,242
	273,282	259,271
Excess of revenue over expenditure - to Statement 2	$ 55,781	$ 53,358